MOORE

Control Premium & Discount for Lack of Marketability Study Issue 1 - 2022

Cover Period: 1.1.2021 to 31.12.2021
Sample Size: 425

- **Inclusion Criteria:**
  - **Published Notifiable Transactions Circular on HKEX:** 429
  - **Including full valuation reports with the adoption of a Control Premium and/or Discount of Lack of Marketability:** 25
- **Exclusion Criteria:**
  - **Cancelled Notifiable Transactions Circular on HKEX:** 4

Research Study — Disclaimer and Limitation of Liability

This study was prepared through manual research and analysis, with figures compiled from publicly filed HKEX notifiable-transaction circulars. It reflects substantial professional effort and care; however, manual research is inherently subject to human error, oversight, and the limits of the time and resources applied, the outputs were checked on a sample basis rather than exhaustively audited, and absence of a flagged error does not mean a record is correct.

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Key Findings

Control Premium

- 25 out of 429 circulars included valuation reports with the adoption of a CP.
- Most valuers quoted figures from the 'Control Premium Study' by FactSet Mergerstat, LLC.
- Only 5 out of 25 samples adopted figures that are further adjusted by the valuers.

Table 1(a) Summary Statistics of CP

CP Range	CP Average	CP Median	CP Upper Quartile	CP Lower Quartile
12% - 34.9%	21.29%	20.00%	24.8%	16.45%

Table 1(b) Sources of CP

'Control Premium Study' by FactSet Mergerstat, LLC	Historical Control Premium Analysis	Others
17	4	4

Discount for Lack of Marketability

- 24 out of 429 circulars included valuation reports with the adoption of a discount for lack of marketability ("DLOM").
- Most valuers quoted figures from the 'Stout Restricted Stock Study Companion Guide' by Stout Risius Ross, LLC.
- Other valuers adopted figures from other sources.

Table 2(a) Summary Statistics of DLOM adopted

DLOM Range	DLOM Average	DLOM Median	DLOM Upper Quartile	DLOM Lower Quartile
10% - 40%	22.60%	20.30%	30%	15.80%

Table 2(b) Sources of DLOM

'Stout Restricted Stock Study Companion Guide' by Stout Risius Ross, LLC	No Reference Provided	Others
15	1	8

Research Summary

Publish Date	Stock Code	Listed Entity	Valuation Subject	Location[1]	Transaction Type	Size[2]	Connected Transaction?	CP Figure	DLOM Figure
24-12-2021	1165	Shunfeng International Clean Energy Limited	Hebei Sanlong SPA & Shangyi County Shunneng SPA	China	Very Substantial Disposal	100%	No	**24.80%**	**15.80%**
24-12-2021	6093	Hevol Services Group Co. Limited	Guizhou Zhongtie Xinglong Property Management Co., Ltd.	China	Major Transaction	70%	No	**24.80%**	**20.60%**
15-12-2021	3816	KFM Kingdom Holdings Limited	Kingdom (Reliance) Precision Parts Manufactory Ltd.	China	Major Transaction	100%	Yes	**17.90%**	**15.80%**
10-12-2021	2222	NVC International Holdings Limited	Brilliant Lights International Holding Pte. Ltd.	Singapore	Non-Exercise of the Subscription Right	30%	Yes	**NIL**	**30.90%**
25-11-2021	8305	Tong Kee (Holding) Limited	Treasure Mark Global Ltd.	China	Major Transaction	100%	No	**25%**	**15.80%**
24-11-2021	1165	Shunfeng International Clean Energy Limited	Baoshan Changshan SPA, Junxin SPA & Kezhou Baishide SPA	China	Very Substantial Disposal	100%	No	**24.80%**	**15.80%**
23-11-2021	152	Shenzhen International Holdings Limited	Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd.	China	Major Transaction	60%	Yes	**15%**	**NIL**
23-11-2021	548	Shenzhen Expressway Company Limited	Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd.	China	Major Transaction	60%	Yes	**15%**	**NIL**
28-10-2021	8279	AGTech Holdings Limited	Macau Pass Holding Ltd.	China	Very Substantial Acquisition	1%	Yes	**27.20%**	**15.80%**
30-09-2021	8365	VBG International Holdings Limited	Apec Group International Ltd.	China	Major Transaction	6.70%	No	**33.40%**	**15.80%**
17-09-2021	8319	Expert Systems Holdings Limited	ServiceOne International Holdings Ltd.	China	Very Substantial Acquisition	70%	No	**12%**	**30%**
17-09-2021	372	PT International Development Corporation Limited	Thousand Vantage	China	Very Substantial Acquisition	65%	No	**20.60%**	**18.06%**
30-08-2021	295	Kong Sun Holdings Limited	Dunhuang Wanfa New Energy Ltd.	China	Very Substantial Disposal	60%	No	**20%**	**20%**

Publish Date	Stock Code	Listed Entity	Valuation Subject	Location[1]	Transaction Type	Size[2]	Connected Transaction?	CP Figure	DLOM Figure
30-08-2021	295	Kong Sun Holdings Limited	Jinta Yongjia New Energy Ltd.; Gansu Hongyuan Photovoltaic Ltd.; Hualong County Ruiqida New Energy Ltd.; Huanghua Zhengyang New Energy Ltd.; Lintan Tianlang New Energy Technology Co., Ltd.; Jiayuguan Xiehe New Energy Co. Ltd.	China	Very Substantial Disposal	60%	No	**20%**	**40%**
30-06-2021	1386	Vestate Group Holdings Limited	Scape Bliss Ltd.	China	Major Transaction	51%	No	**24.50%**	**20.60%**
25-06-2021	250	Sino-i Technology Limited	Digicine Oristar Technology Development (Beijing) Company Ltd.	China	Major Transaction	100%	Yes	**20%**	**31.10%**
23-06-2021	1165	Shunfeng International Clean Energy Limited	Lattice Power (Jiangxi) Co., Ltd.	China	Major Transaction	100%	Yes	**34.90%**	**15.80%**
16-06-2021	3913	KWG Living Group Holdings Limited	Cedar Technology Group Co., Ltd.	China	Major Transaction	80%	No	**20%**	**20.60%**
13-05-2021	1117	China Modern Dairy Holdings Limited	Inner Mongolia Fuyuan International Industrial (Group) Co. Ltd and its subsidiaries (excluding Burra Group)	China	Major Transaction	100%	Yes	**20%**	**20.60%**
30-03-2021	381	Kiu Hung International Holdings Limited	Hubei Jincaotang Pharmaceutical Co., Ltd.	China	Major Transaction	51%	No	**27%**	**31%**
18-03-2021	331	FSE Services Group Limited	Business Investments Ltd.	China	Major Transaction	100%	Yes	**14.30%**	**30%**
12-03-2021	8195	L & A International Holdings Limited	Prestige Concord Ltd.	China	Major Transaction	70%	Yes	**30%**	**20%**
07-03-2021	1765	Hope Education Group Co., Limited	Dingli Corp., Ltd	China	Major Transaction	8.75%	No	**11.42%**	**15.10%**
26-02-2021	295	Kong Sun Holdings Limited	Qianchao Brothers Energy Technology Co., Ltd; Pingshan Tianhui Energy Technology Co., Ltd.; Shandong Xintailou Dejia Solar Power Co., Ltd.; Weixian Tianhai Photovoltaic Power Generation Co., Ltd	China	Very Substantial Disposal	100%	No	**10%**	**40%**

Publish Date	Stock Code	Listed Entity	Valuation Subject	Location[1]	Transaction Type	Size[2]	Connected Transaction?	CP Figure	DLOM Figure
26-02-2021	295	Kong Sun Holdings Limited	Yulin City Jiangshan Yongchen New Energy Ltd. and its subsidiaries	China	Very Substantial Disposal	100%	No	**20%**	**10%**
26-02-2021	3319	A-Living Smart City Services Co., Limited	Minrui Property Management (Shanghai) Co., Ltd.	China	Very Substantial Acquisition	60%	No	**10.20%**	**27.70%**
25-02-2021	1326	Transmit Entertainment Limited	Cinema City (WL) Ltd.	China	Major Transaction	70.75%	Yes	**24.80%**	**15.80%**
13-01-2021	1909	Fire Rock Holdings Limited	Tak Shing International Holdings Ltd.	China	Very Substantial Acquisition	100%	Yes	**24.50%**	**35%**

Remarks:

1. Location refers to the location of the valuation subject.
2. Size refers to the percentage of an equity stake in the valuation subject involved.
3. For each circular we studied, if there are more than one valuation subject involved and there are more than one CP and/or DLOM figures reported:
   - We report in the above table in separate rows per each combination of the relevant CP and DLOM figures of each valuation subject; and
   - The CP and DLOM figures in each row should weight equally in our statistical analysis, if any.

Further Research and Analysis

The above table represents an extract of our comprehensive research. Further research data and analysis are available upon request.

For details, please contact Kenneth Ma, Director of Moore Transaction Services Limited, at kennethma@moore.hk.

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- Backed by our international network, we have the capabilities to provide clients with all solutions and expertise they require and wherever they choose to do business.

Contact Us

Patrick A. Rozario
Transaction Services Managing Director
T +852 2738 7769
E patrickrozario@moore.hk

Kenneth Ma
Transaction Services Director
T +852 2738 4633
E kennethma@moore.hk